

CARMEL REDEVELOPMENT COMMISSION Meeting, Monday, June 28, 2010

President Ron Carter called the meeting to order at 6:04 p.m. Commission members Carolyn Anker, Bill Hammer and Jeff Worrell were present, constituting a quorum. Also present were Karl Haas, Les Olds, Don Cleveland and Matt Worthley.

Others present:

Mike Lee, Melanie Heck and Nancy Heck.

The Pledge of Allegiance was said.

Old Business

No old business at this time.

New Business

Appointment of Treasurer for the Carmel Redevelopment Commission

Mr. Olds gave an overview of the rationale to appoint a Treasurer/Chief Financial Officer for the Redevelopment Commission that would fill the position left by the former Chief Financial Officer due to her relocation. After reviewing individual candidates, staff and consultants interviewed public accounting firms to find a Treasurer/Chief Financial Officer. The duties of the public accounting firm as Treasurer/Chief Financial Officer would include handling the overall financial affairs of the Carmel Redevelopment Commission as well as overseeing and assisting the current CRC financial staff. Emphasis was placed on finding an entity experienced in working with the public sector of finance that had a broad knowledge of accounting rules and regulations, as well as state laws and statutes.

State statute allows the CRC ability to appoint a Treasurer who is not a CRC member or employee of the CRC.

Mr. Olds stated his belief that appointment of a Treasurer will help provide comfort to the City Council, Clerk-Treasurer, and State Board of Accounts that the CRC funds are being handled properly and in accordance with state laws. Mr. Olds stated the CRC staff recommends the Commission appoint London Witte Group, LLC (LWG) as the Commission's Treasurer, subject to negotiation of a contract.

Mr. Worrell asked for an overview on how London Witte Group was selected and a comparison of their qualifications to the other firms interviewed. Mr. Olds stated three accounting firms were interviewed and were provided the mission of the position, expectations of the role as well as the conflicts and needs of the Commission. All interviewed firms were well-equipped to handle the tasks; however, LWG became the top choice due to the fact the staff that would be assigned to the Commission had previously worked with the State Board of Accounts and thus are very familiar with the rules and regulations.

Mr. Worrell mentioned the differing opinions regarding the spending of TIF funds on operation expenses and questioned the opinion London Witte Group provided. Mr. Olds

stated the London Witte Group agreed with the Commission's view, which is backed by legal counsel.

Mr. Worrell also requested an estimate of the cost to the Commission for this contract. Mr. Olds stated he could not provide a number as the scope of work was not fully developed. The first portion of work would include a period of time to become familiar with CRC operations and setup the accounting process. After this initial period, the contract would transition into a maintenance contract for time and material. Mr. Olds discussed the fact that by hiring LWG, the Commission would not incur as many bills from C.L. Coonrod & Company and Umbaugh & Associates. In addition, the budgeted salary allocated for the former Chief Financial Officer would be used to offset the expense for London Witte Group, as the position would not be replaced.

Mr. Hammer requested an overview of the tasks London Witte Group would fulfill and overall structure which would be coordinated with current financial entities and consultants, including the City Clerk-Treasurer's office, C.L. Coonrod & Company and Umbaugh & Associates. It was stated the London Witte Group will provide overall financial and accounting services for the Commission. They will establish and maintain any new bank accounts, maintain existing accounts, provide a more organized accounting system for the different TIF Districts and assist the CRC staff. The current CRC financial staff will still carry out preparing warrants but under the new structure would be able to prepare the checks. Review of the checks and warrants as well as the approval for payment would go through the Treasurer to provide proper accounting.

Mr. Hammer mentioned the decision to hire an accounting firm was shared with City Council as well as the City Clerk-Treasurer's office prior to the CRC meeting.

Ms. Anker questioned the interaction between CRC and City Clerk-Treasurer's office in both the immediate and near future if the Commission were to approve LWG as Treasurer. Mr. Olds stated there will be a transition period as the City Clerk-Treasurer currently holds a certain amount of funds at this time. These funds will be transitioned to LWG for their control and supervision.

Ms. Anker questioned where the TIF funds from the County Auditor will go and if the funds will be distributed to the various TIF accounts or if they will be distributed in one lump sum. Currently, the funds are forwarded to the City Clerk-Treasurer for distribution, where the TIF funds are intermingled with the other funds available. Mr. Olds stated this technicality will be worked out.

Ms. Anker questioned who was a part of the process to choose the public accounting firm. It was stated that Karl Haas, Les Olds, Curt Coonrod, Ron Carter and CRC financial staff members were involved in the selection process. Mr. Carter clarified he was in attendance for two out of the three meetings, while Mr. Haas clarified he was present only for the meeting with London Witte Group.

Mr. Carter discussed the June 28, 2010 Indianapolis Star article referencing the opinion letter prepared by Mr. Bruce Donaldson of Barnes and Thornburg, dated June 23, 2010 in response to Bruce A. Hartman's (CPA and State Examiner with the Indiana State board of

Accounts) letter to the City Clerk-Treasurer regarding disposition of sales proceeds from land sold by the Carmel Redevelopment Commission. Mr. Carter stated the letter should be a matter of public record and read the opinion letter in its entirety. [Letter is attached to minutes for public record]. Mr. Carter stressed the importance of emphasizing the redevelopment statutes referenced in the letter, as it has taken the CRC a great deal of time and resources to work through this issue, which has proven the CRC has been handling this issue correctly from the start. CRC will be working with the Star to correct the article and the headline from the June 28, 2010 paper.

Mr. Worrell moved to approve Resolution 2010-6 re: the appointment of London Witte Group LLC as the treasurer to perform certain statutory financial duties on behalf of the Carmel Redevelopment Commission, seconded by Mr. Hammer. Mr. Hammer reiterated IC 36-7-14-8 (b) provides that a redevelopment commission may appoint a treasurer who need not be a member of the redevelopment commission and provide for the payment of compensation to the appointed treasurer. Mr. Haas stated there is sufficient statutory authority and the correct statute was cited for reference. Mr. Carter noted his belief this will save money, both to the Commission and citizens of Carmel, due to the fact salaries and benefits will not have to be paid to the outside Treasurer. In addition, the Treasurer will interface well with the State Board of Accounts, as they are knowledgeable of the rules and regulations, and thus save a great deal of time, and also allow personnel in the City Clerk-Treasurer's office to be freed up to work on the expanding duties of their office. Mr. Hammer stated he is pleased that there will be a central point to respond to Council's questions. Unanimously approved.

Approval of Grant to the Carmel City Center Community Development Corporation

Mr. Haas explained that, in connection with the original bond issuance to pay for the concert hall, a reserve or escrow was established in the amount between \$8 million and \$8.5 million. These funds are adequate in an amount to cover most or all remaining expenses of the concert hall that will become due and payable between now and November; however, this reserve is not available to the Commission until substantial completion has been achieved as evidenced by a Certificate of Substantial Completion delivered to the bond trustee. The deadline for substantial completion of the project as determined by the Construction Manager is in November 2010.

By making this grant to the Carmel City Center Development Corporation (4CDC), the 4CDC can leverage the grant obligation, borrow against it, then make the payment of the amounts that become due between now and November to complete the concert hall. It was noted that this would be a borrowing of the 4CDC and not the CRC.

Mr. Worrell questioned what would happen should the concert hall not be completed in time. Mr. Haas stated the risk is minimal with the chance of the concert hall not reaching substantial completion being slim. If that were to occur, though, an additional plan is in place to use \$10 million in installment contract loans. With this scenario, the grant would be converted by the 4CDC into installment contract loans to be paid out during the term of that loan.

Mr. Olds stated that, based on the schedule the Construction Manager has prepared, the chances of not reaching substantial completion were virtually incomprehensible, barring catastrophe. Bond documents state the deadline for issuance of the certificate of substantial completion as December 31, 2010.

Mr. Hammer and Ms. Anker both confirmed recent conversations with the Construction Manager that the project was on schedule.

Mr. Hammer requested verification from Mr. Haas that IC 36-17-14-12.2 (26) provides explicit authority for grants to community development corporations. Mr. Haas confirmed that was correct.

Ms. Anker requested an explanation between the November and December completion dates mentioned. Mr. Olds stated the November deadline had been set by the Construction Manager for the project to allow additional time for any problems that may arise.

Mr. Carter noted that group tours of the concert hall were being curtailed as the scaffolding was taken down and flooring was being placed in the lobbies.

Mr. Hammer moved to approve Resolution 2010-7 re: a grant to the 4CDC in an amount not to exceed \$10,000,000.00. Seconded by Ms. Anker and unanimously approved.

Approval of Construction Contract for RPAC Exterior Retaining Wall Limestone and Utility Vault Masonry

Bids for Parcel 7 – Regional Performing Arts Center Masonry Cladding Package P11 were opened at the May 19, 2010 regular CRC meeting. Mr. Olds referenced a map of the project and reviewed project details. Mr. Olds stated funding was allocated in the budget to cover this project and recommended the contract be approved.

Mr. Worrell requested clarification on where the funds had come from within the budget. Mr. Olds stated the funds were taken from various budget items, including the landscape budget and furniture budget. Bids for the furniture package came in significantly lower than expected, thus freeing up the funds. In addition, the Construction Manager has allowances in some areas that can be used. Mr. Olds stated this project was a good long-term investment and cautioned if it was not done now, there may be regrets later.

Mr. Carter stated additional funds were available due to a \$40,000 cut on a project in the Arts & Design District. In addition, a reduction on the Kiku Obatu sign package for the RPAC is a possibility.

Discussion ensued regarding the importance of the project, the original project budget and how the bid compared to what was originally estimated.

Mr. Worrell stated his concern regarding lack of funds needed at a later date if this project is approved. Discussion ensued regarding other project plans and their priority of completion for the concert hall opening.

Ms. Anker asked for the opportunity cost of not completing this project at the present time. Mr. Olds stated the pricing was significantly lower at the present time due to unit prices on the majority of the limestone as well as lower overhead costs from the construction company.

Mr. Hammer moved to approve a contract with Gibraltar Construction Corporation in the amount of \$335,000, subject to available funding. Seconded by Ms. Anker and unanimously approved.

Approval of Invoices for Umbaugh & Associates

Mr. Olds stated the Umbaugh & Associates invoice in the amount of \$74,521.25 was not included in the June 16, 2010 packet due to concern for funding. Funding is now in place. Mr. Olds noted the bills are high due to the time Umbaugh & Associates has spent responding to City Council on a regular basis.

Mr. Worrell inquired regarding a reimbursement from the City or the creation of a policy to limit the frequency of the Council to engage our paid consultants. Mr. Carter stated this issue should be brought to the president of the Council and inquired regarding a request to consultants for a separate time and billing statements regarding City Council requested items.

Discussion ensued with regard to concerns on the amount of City Council related items included in the invoice, structure and logistics of future billing, additional items on the invoice that can be reimbursed from separate entities and timing of reimbursement.

Ms. Anker emphasized the dialogue was not an issue with the services of Umbaugh & Associates but rather a discussion on content of the invoice. Mr. Worrell echoed Ms. Anker's sentiment regarding Umbaugh; however, would prefer billings quarterly or monthly.

Mr. Hammer moved to approve an invoice from Umbaugh & Associates in the amount of \$74,521.25 for accounting and financial services. Seconded by Ms. Anker and passed unanimously.

Adjournment

Mr. Worrell moved the meeting be adjourned and seconded by Ms. Anker. The meeting was adjourned at 7:10 p.m.